

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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INTEL CORPORATION,  
Petitioner,

v.

TELA INNOVATIONS, INC.,  
Patent Owner.

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IPR2019-01521  
IPR2019-01522  
Patent 10,186,523 B2<sup>1</sup>

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Before JO-ANNE M. KOKOSKI, KRISTINA M. KALAN, and  
WESLEY B. DERRICK, *Administrative Patent Judges*.

ORDER  
Granting Patent Owner's Motion for Additional Discovery  
*37 C.F.R. § 42.51(b)(2)*

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<sup>1</sup> The parties are not authorized to use this style heading for any subsequent papers.

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Pursuant to our authorization, Tela Innovations, Inc. (“Patent Owner”) filed a Motion for Additional Discovery in the instant proceedings, and Intel Corporation (“Petitioner”) filed an Opposition.<sup>2,3</sup> Patent Owner seeks additional discovery related to objective indicia of nonobviousness, i.e., commercial success and copying. Mot. 1. Specifically, Patent Owner requests:

1. The most current Infringement Contentions served by Patent Owner in the NDCA Action<sup>4</sup> relating to the ’523 Patent and the documents cited therein.
2. Documents sufficient to show the sales of the Subject Products<sup>5</sup> from first sale to the present, which information could be obtained from sales documents produced by Petitioner in the NDCA Action or by Petitioner’s provision of sales summary chart.

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<sup>2</sup> See IPR2019-01520, Papers 20 (authorizing filing of the Motion), 21 (“Mot.”), and 22 (“Opp.”); IPR2019-01521, Papers 20, 21, 22; IPR2019-01522, Papers 22, 23, 24. Although the analysis herein applies to all three proceedings, we refer to the papers and exhibits filed in IPR2019-01520 for convenience.

<sup>3</sup> Petitioner submitted four exhibits with its Opposition. See IPR2019-01520, Exs. 1050–1053. In our Order authorizing Patent Owner’s Motion, we stated that “[n]o additional evidence is authorized with any of the filings.” *Id.* at Paper 20, 2. Accordingly, the exhibits filed by Petitioner in support of its Opposition will be expunged.

<sup>4</sup> “NDCA Action” refers to *Intel Corp. v. Tela Innovations, Inc.*, Case No. 18-cv-02848-WHO (N.D.Ca.). Mot. App. A at 2.

<sup>5</sup> “Subject Products” refers to “Petitioner’s microprocessor or printed circuit board product lines identified in Tela’s Disclosure of Asserted Claims and Infringement Contentions with Respect to Plaintiff Intel Corp. relating to the ’523 patent (“Infringement Contentions”), already produced or served in the” NDCA Action. Mot. App. A at 2.

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*Id.* at 2. After considering the arguments, evidence, and facts of the cases before us, we determine that it is in the interest of justice to grant Patent Owner's Motion. For the reasons that follow, Patent Owner's Motion is granted.

### *Analysis*

In an *inter partes* review, a party seeking discovery beyond what is expressly permitted by rule must do so by motion, and must show that such additional discovery is "necessary in the interest of justice." 35 U.S.C. § 316(a)(5); *see* 37 C.F.R. § 42.51(b)(2)(i). Patent Owner, as the movant, bears the burden of demonstrating that it is entitled to the additional discovery sought. 37 C.F.R. § 42.20(c). We consider the five factors set forth in *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26 (PTAB March 5, 2013) (precedential) in determining whether additional discovery is necessary in the interest of justice. The five *Garmin* factors are: (1) whether there exists more than a possibility and mere allegation that something useful will be discovered; (2) whether the requests seek the other party's litigation positions and the underlying basis for those positions; (3) whether the moving party has the ability to generate equivalent information by other means; (4) whether the moving party has provided easily understandable instructions; and (5) whether the requests are overly burdensome. *Id.*

#### *A. Garmin Factor 1: Useful Information*

The first *Garmin* factor asks whether the party seeking additional discovery demonstrates more than "[t]he mere possibility of finding something useful, and mere allegation something useful will be found."

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*Garmin*, Paper 26 at 6. “The party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.” *Id.* “Useful” in this context means “favorable in substantive value to a contention of the party moving for discovery,” not just “relevant” or “admissible.” *Id.* at 7. A good cause showing requires the moving party to provide a specific factual reason for reasonably expecting that the discovery will be “useful.”

Patent Owner argues that the requested discovery will show that the Subject Products are commercially successful. Mot. 3–6. To demonstrate nonobviousness based on commercial success, a patent owner must provide evidence of both commercial success and a nexus between that success and the merits of the claimed invention. *See Fox Factory Inc. v. SRAM, LLC*, 944 F.3d 1366, 1373 (Fed. Cir. 2019).

Patent Owner contends that “Petitioner has made public comments indicating general commercial success of” its Subject Products (e.g., Petitioner’s 14nm Processors and 10nm Processors), and that “Petitioner’s products have been recognized in the industry as successful and described as ‘bleeding edge’ and ‘game-chang[ing]’ technology.” Mot. 3–4. Patent Owner contends that “Petitioner’s PC Client Group operating segment, which includes the production, marketing, and sales of Petitioner’s 14nm Processors, has consistently represented the majority of revenue for Petitioner,” and notes that Petitioner’s net revenue in 2014 was \$55,870,000,000. *Id.* at 4. According to Patent Owner, because “public information indicates that the Subject Products are coextensive with the

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claims of the '523 Patent, there is a presumed nexus between those products' commercial success and the claimed invention.” *Id.* at 6.

Petitioner responds that “Patent Owner did not allege secondary considerations in its Preliminary Response,” that “Patent Owner has not alleged secondary considerations of non-obviousness in [the NDCA Action], where fact discovery is now closed,” and that “Patent Owner’s failure to do so undermines its assertion that the documents sought relates to ‘evidence of non-obviousness.’” Opp. 1–2. We disagree. A patent owner is not required to file a preliminary response, and, even where one is filed, the Board may decline to consider arguments made in the preliminary response unless they are raised in the patent owner response. *See* 37 C.F.R. § 42.107(b) (“A patent owner may expedite the proceeding by filing an election to waive the patent owner preliminary response.”); *In re Nuvasive, Inc.*, 842 F.3d 1376, 1381 (Fed. Cir. 2016) (explaining that a patent owner waives an issue presented in its preliminary response if it fails to renew the issue in its response after trial is instituted). Patent Owner’s arguments (or lack thereof) in its Preliminary Responses are not relevant to whether the requested discovery relates to evidence of non-obviousness.

Moreover, Petitioner does not explain why Patent Owner’s choice to not allege objective indicia of non-obviousness in the NDCA Action “undermines its assertion that the documents sought relate to ‘evidence of non-obviousness.’” Opp. 1. Based on the record before us, we are not convinced that arguments that Patent Owner is (or is not) pursuing in the NDCA Action should inform our decision as to whether the requested discovery would be useful in these proceedings.

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Petitioner also argues that “Patent Owner has not made the requisite showing of nexus.” Opp. 3. Petitioner argues that although “Patent Owner describes its alleged invention as directed to a one-dimensional layout whereby ‘features in a given layer of the integrated circuit [] have rectangular shapes [] with their lengths oriented in the same direction,’” the documents to which Patent Owner cites to show commercial success of the Subject Products do not mention one-dimensional layout, or linear or rectangular shaped features. *Id.* According to Petitioner, the cited documents credit other features of the Subject Products for their commercial success, such as lower power consumption, better performance, and additional graphic processing resources. *Id.* at 3–4.

“[P]resuming nexus is appropriate ‘when the patentee shows that the asserted objective evidence is tied to a specific product and that product ‘embodies the claimed features, and is co-extensive with them.’”” *Fox Factory*, 944 F.3d at 1373 (quoting *Polaris Indus., Inc. v. Arctic Cat, Inc.*, 882 F.3d 1056, 1072 (Fed. Cir. 2018) (quoting *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1130 (Fed. Cir. 2000))). The initial claim chart filed in the NDCA Action (based solely on publicly available information) suggests that all of the claim elements of at least independent claim 1 are present in at least one of the Subject Products. If established at trial, this might entitle Patent Owner to a presumption of nexus. Petitioner can, however, attempt to rebut any such presumption at trial by presenting evidence that shows that any commercial success was due to factors other than the patented invention, such as unclaimed features, marketing, or features known in the prior art. *See id.* at 1373–74.

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Petitioner’s argument here raises some of these potential rebuttal points on the issue of nexus, if it were to be established, but it is premature on this record for us to decide the merits of such points at this stage.

For these reasons, we find that *Garmin* factor 1 weighs in favor of granting Patent Owner’s Motion.

*B. Garmin Factors 2 and 4: Litigation Positions and Easily Understandable Instructions*

*Garmin* factor 2 asks whether the requests seek the other party’s litigation positions and the underlying basis for those positions. *Garmin*, Paper 26 at 6 (“Asking for the other party’s litigation positions and the underlying basis for those positions is not necessary in the interests of justice.”). *Garmin* factor 4 requires that the additional information sought “should be easily understandable.” *Id.* Patent Owner argues that the requested discovery “seeks only factual positions,” and that “the instructions are straightforward.” Mot. 6–7. Petitioner does not address either of these factors. *See generally* Opp. We find that *Garmin* factors 2 and 4 weigh in favor of granting Patent Owner’s Motion.

*C. Garmin Factor 3: Ability to Generate Equivalent Information*

“Information a party can reasonably figure out or assemble without a discovery request would not be in the interests of justice to have produced by the other party.” *Garmin*, Paper 26 at 6 (*Garmin* factor 3). Patent Owner argues that the requests “narrowly target non-public information.” Mot. 6. Petitioner argues that “Patent Owner already has access to equivalent non-confidential information.” Opp. 6. In particular, Petitioner notes that the initial claim chart Patent Owner filed in the NDCA Action, “which is 60

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pages long, is based solely on publicly available information.” *Id.*

According to Petitioner, “the additional discovery of highly confidential infringement contentions” “constitute[s] mere allegations, not proof, of infringement, and the confidential information adds nothing because the Board will not determine infringement.” *Id.*

As noted above, demonstrating commercial success requires a showing that the relevant products are coextensive with the challenged claims. *Fox Factory*, 944 F.3d at 1373–74. Although Patent Owner contends that “public information indicates that the Subject Products are co-extensive with the claims of the ’523 Patent,” it also contends that the public information is limited, and detailed information is “available only in Petitioner’s confidential documents.” Mot. 5–6. It is reasonable to assume, on this record, that the most current infringement contentions served by Patent Owner in the NDCA Action contain citations to non-public information from Petitioner that could be useful to fill in gaps in technical details supplied in the public information. *See Assoc. British Foods PLC v. Cornell Research Foundation, Inc.*, IPR2019-00577, Paper 44 at 9 (PTAB Oct. 4, 2019).

Petitioner also argues that “Patent Owner’s motion shows that it is able to quantify sales information of the Subject Products to support an assertion of commercial success from publicly available sources.” Opp. 7. Petitioner represents that it “will not dispute that public sales information for purposes of these proceedings.” *Id.* The publicly available sales information Patent Owner relies on in its Motion, however, is general in nature. *See* Mot. 3–5. Only Petitioner possesses sales data for the Subject



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**Products**, so Patent Owner here, as in *Garmin*, cannot “reasonably figure out or assemble [the information] without a discovery request.” *Garmin*, Paper 26 at 6.

Accordingly, we determine that *Garmin* factor 3 **weighs in favor of granting Patent Owner’s motion.**

*D. Garmin Factor 5: Whether the Requests are Overly Burdensome*

*Garmin* factor 5 requires that “[t]he requests must not be overly burdensome to answer, given the expedited nature of *Inter Partes* Review[,] . . . includ[ing] financial burden, burden on human resources, and burden on meeting the time schedule.” *Garmin*, Paper 26 at 7. Patent Owner argues that the requested discovery is **not overly burdensome because the requests can be satisfied**: (1) by Petitioner providing consent to Patent Owner to use the most current infringement contentions in the NDCA Action in these proceedings; and (2) by Petitioner providing consent to use sales data produced in the NDCA Action in these proceedings; or (c) by Petitioner providing a sales summary chart. Mot. 7.

Petitioner contends that the infringement contentions in the NDCA Action and many of the documents cited therein “are classified as ‘Outside Counsel Restricted – Source Code’ under the NDCA Protective Order because they contain Petitioner’s highly confidential technical information.” Opp. 6. Petitioner contends that “[i]njecting highly confidential but irrelevant ‘source code’ information into the IPR proceedings wastes judicial resources” and “would require negotiating and implementing complex confidentiality protections in the instant proceedings.” *Id.* at 7. Petitioner further contends that this “would impose an unnecessary burden on the

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Board and the parties to ensure that the information is properly safeguarded,” and “creates undue risks that Petitioner’s confidential information may be inadvertently disclosed, which would irreparably harm Petitioner.” *Id.*

On its face, the effort to produce the requested discovery appears fairly low. As Patent Owner points out, the requested discovery is already available to Patent Owner in the NDCA Action, and could be used in these proceedings simply through Petitioner’s consent. Mot. 7. We are mindful of the burden on the parties and the Board with respect to the use of Petitioner’s source code in these proceedings, which is designated as highly confidential with highly-restricted access in the NDCA Action. We are granting Patent Owner’s Motion in large part, however, because it seeks specific, defined documents that have already been exchanged in the NDCA Action, the contents of which Patent Owner alleges support its commercial success arguments. Moreover, because the parties have already negotiated a protective order in the NDCA Action, Petitioner’s argument that production of such documents “would require negotiation and implementing complex confidentiality protections in the instant proceedings” rings hollow. We direct the parties to the Consolidated Trial Practice Guide for guidance on the procedures for filing motions to seal and protective orders in these proceedings in the event either party seeks to submit confidential information to the Board. *See* Consolidated Trial Practice Guide, 19–22.

Accordingly, we determine that *Garmin* Factor 5 weighs in favor of granting Patent Owner’s Motion.

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*Conclusion*

After weighing the *Garmin* factors, we determine that Patent Owner has shown that discovery of the requested materials is in the interests of justice.

*Order*

In consideration of the foregoing, it is hereby  
ORDERED that Patent Owner's Motion for Additional Discovery is  
*granted*; and

FURTHER ORDERED that Exhibits 1050–1053 in IPR2019-01520, IPR2019-01521, and IPR2019-01522 are expunged.

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